

Message Text

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ACTION SS-30

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 1069

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

C O N F I D E N T I A L NEW DELHI 5481

EXDIS

E.O. 11652: GDS

TAGS: ENGR, IN, EAGR

SUBJ: INDIAN INQUIRY ON ENERGY CRISIS

1. YOUR CABLE OF APRIL 24 REPORTING AMBASSADOR KAUL'S MEETING APRIL 17 WITH UNDER SECRETARY DONALDSON NOTES KAUL ASKING IF PETROLEUM MINISTER BAROOAH MIGHT USEFULLY VISIT WASHINGTON DURING HIS STAY IN THE UNITED STATES APRIL 19-25. WE WOULD HOPE IT HAS BEEN POSSIBLE TO ARRANGE SOMETHING. BAROOAH IS VERY MUCH TO THE LEFT OUT HERE, BUT A MAN OF CONSIDERABLE QUALITY. THAT HE SHOULD WANT TO COME TO WASHINGTON IS YET ANOTHER SIGN OF INDIANS COMING TO THEIR SENSES. IN LINE WITH THE SECRETARY'S POLICY, I WOULD HOPE WE WOULD ENCOURAGE THIS. THERE IS NO NEED TO GIVE ANYTHING AWAY. THE POINT IS TO START DOING BUSINESS TOGETHER. NOTE, FOR EXAMPLE, THAT BAROOAH, IF HE HAS BEEN INVITED TO WASHINGTON, WOULD BE THE FIRST INDIAN MINISTER TO COME TO THE CAPITAL ON INDIAN BUSINESS (AS AGAINST CHAVAN'S OCCASIONAL APPEARANCE IN CONNECTION WITH THE COMMITTEE OF TWENTY) SINCE THE BANGLADESH WAR.

2. BAROOAH IS NOT RESPONSIBLE FOR THE ENTIRE ENERGY PICTURE BUY BY PERSONAL BACKGROUND HE HAS A BETTER THAN AVERAGE KNOWLEDGE OF THE COAL SITUATION AS WELL AS HIS
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OWN BAILIWICK OF PETROLEUM.

3. WE HAVE NO STRONG FEELINGS ON THE PARTICULAR INSTITUTIONAL MECHANISM DEvised TO FACILITATE BILATERAL COOPERATION IN THE ENERGY FIELD BUT A SUBCOMMITTEE OR TASK FORCE OF THE JOINT COMMISSION WOULD APPEAR APPROPRIATE. I HOPE THAT IN ANY DISCUSSION WITH BAROOAH WE WILL MINIMIZE THE LONG TERM THEORETICAL AREAS AND CONCENTRATE ON IMMEDIATE THINGS WE CAN DO TOGETHER. AS SEEN FROM HERE THESE ARE:

A. OFF SHORE OIL. WE HOPE THAT THE GOI WILL GO AHEAD AND SIGN CONTRACTS WITH THE TWO COMPANIES WITH WHICH IT IS PRESENTLY NEGOTIATING. IT SHOULD ALSO CONSIDER LIBERALIZING THE CONTRACTUAL BASIS FOR EXPLORATION IN OTHER AREAS SO AS TO ATTRACT LARGER OIL COMPANIES.

B. ON SHORE OIL. WHILE PRECEDENTS IN OFF SHORE OIL DO NOT AUTOMATICALLY EXTEND TO ON SHORE OIL EXPLORATION WE SHOULD ENCOURAGE THE GOI TO EXPLORE METHODS TO BRING INTERNATIONAL OIL COMPANIES INTO THIS AREA AS WELL. SURVEYING AND JOINT RESEARCH ON A GOVERNMENT-TO-GOVERNMENT BASIS AND ACTUAL EXPLORATION AND DRILLING ON SOME SORT OF CONTRACTUAL PRIVATE BASIS SHOULD BE EXPLORED.

C. COAL. INDIA HAS VAST AMOUNTS OF COAL BUT IS HAVING DIFFICULTY IN MINING AND TRANSPORTATION. US FIRMS HAVE THE KNOW-HOW AND EQUIPMENT FOR MORE EFFECTIVE MINING AND TRANSPORTATION. WE COULD ENCOURAGE FIRMS TO COME FORWARD WITH SPECIFIC PROPOSALS IF WE THROUGHT THE POLITICAL CLIMATE WAS RIGHT.

D. ALTERNATE SOURCES OF ENERGY. AS AMBASSADOR KAUL INDICATED, THERE ARE MANY OTHER POTENTIAL SOURCES OF ENERGY. WE SHOULD BE WORKING TOGETHER ON THESE AND HOPE TO HAVE SOME SPECIFIC PROPOSALS AS A RESULT OF THE INTERIOR DEPT. TEAM VISIT. COAL GASIFICATION WITH ITS IMPLICATIONS FOR BOTH ENERGY AND FERTILIZER PRODUCTION DESERVES PARTICULAR ATTENTION.
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